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DISCUSSION

MR. M. M. DAWSON: The meeting will now be thrown open for discussion, and before entering upon that I am requested to propose a question which has been handed up to be read. It is addressed to Mr. King, by Mr. Charles C. Bulkley, of Philadelphia. "By whom is the expense of the inquiry in Canada to be borne? Will it be practicable to compel such heavy cost to be borne by such combines as unsuccessfully contest?"

MR. W. L. MACKENZIE KING: I apologize, ladies and gentlemen, for having omitted to speak of expenses in my remarks. The whole cost of these investigations is borne by the government. It is, as I explained before, an inquiry. The parties are put to the preliminary expense of drawing their own declarations, and appearing before a judge and making out a *prima facie* case, but even as to this the judge has discretion to order the government to refund any expense, parties may have been put to in the preliminary stage. Should it appear that some parties have preferred a complaint for a purely personal motive or for spite the judge would probably not recommend payment in such a case. But once a board is ordered, the government bears all the necessary expenses of the inquiry. Members of the board do not receive a very large consideration, they are allowed twenty dollars a day and expenses; that is to say, traveling and living expenses, during the course of the inquiry. Witnesses are paid just as in a court of justice, according to the scale prevailing in the courts of the province in which the investigation is proceeding. In the matter of counsel, the government may, if the minister desires, employ counsel to assist the board. He is not in the position of a prosecuting attorney, but in the position of an expert investigator, to help the board, to assist the two parties, rather than one party as against the other. Should parties feel that they wish to have their own counsel present as well, they have to obtain the consent of the board. I hope you would not mind my saying that a large section of the public has a horror of technicalities, and the business of a lawyer

in some cases would seem to be to thwart rather than facilitate full inquiry, to prevent certain things from being discovered. The act has contemplated this possibility and it is therefore provided while a board may allow solicitors to be retained by combines or trusts and to appear and assist them, it may dispense with their services at any stage if these services appear to be impeding the real object which is to get at all the information the board is seeking. If the parties have their own counsel they must bear their expenses, unless the board orders differently.

The suggestion is made that the combine might, in the event of its turning out to have operated against the public interest, be obliged to pay the costs. Personally I do not think that it is wise that a requirement of that kind should be made, and for this reason: The important thing to keep before the public is that these are not criminal prosecutions, but investigations, and investigations the cost of which in the public interest the state ought to be prepared to bear. If the investigation reveals that a combine is carrying on a course of conduct detrimental to the public interest, there is an opportunity for punishment through the criminal sections of the act. That reminds me that I omitted to state that the criminal code contained a provision which makes persons criminally liable, who unduly enhance prices, or unduly restrain trade, etc. That is simply the English common law re-enacted in the form of a statute. It has been found wise to retain this section, but as I think your experience has been here in part, it has been found that this business of proceeding against corporations through a public prosecutor and leaving it to the attorney-general to single out particular concerns, is invidious from many points of view and does not result, in many cases, in successful prosecutions. If it appears, from the facts that the investigation discloses, that there has clearly been wrongful conduct on the part of any concern, it may still be proceeded against under that criminal section of the act, with this additional circumstance, that the public has all the evidence that the board has brought to light in its inquiry. The mere fact that you have machinery ever ready for getting at the facts, and give them publicity, will, we believe, without the law being put into operation, at all, have the effect of restraining corporations from acts which would render them liable under the criminal code.

MR. R. L. KIMBROUGH: Just as we had, in Washington, the man through whom the American colonists took the first step in our national evolution of securing our national independence, and the succeeding years were consumed in its successful organization and establishment; and just as we had in Lincoln, the man through whom we took our second step and extended that independence to every American citizen, and the succeeding years were consumed in the reconstruction; so to-day the American people are demanding commercial independence for every American citizen, and we are looking for a leader through whom the work can best be accomplished.

In my travels and studies for the last ten years over thirty-eight states and Canada, I have condensed what the American people are demanding into three fundamental statements.

What are they?

1. The universal establishment of the principles and teachings of the kingdom of God as the recognized basis of all business and of all government.

2. The permanent employment of all men on the basis of a good annual income and under good sanitary conditions.

3. The organization and the reorganization of all business enterprises on these two principles with a profit-sharing basis, guaranteed under simple state and federal regulations.

There is a universal industrial, economic, political, social and religious unrest.

By putting all business and government operations on the first principle—righteousness, the square deal, the golden rule basis—then you remove the cause of all unrest—selfishness. You make it easy to continue to develop into our national best.

Giving all men a good annual income increases their purchasing power. An increased national purchasing power means increased demands which will automatically keep all manufacturing industries running under proper regulation at full capacity. With those two elements of our national industries running at full time and permanently employed, all merchants will have profitable business under proper regulation.

Those three will afford permanent work for all clerical, professional, and clearing house men at increased salaries and incomes. In turn these four classes will keep the farmers busy raising enough food at good prices to feed all the other classes.

Then we have the national health, wealth and happiness of all men, all because the corporations are required to give an annual income to all their employees on the most liberal basis which the business will justify.

Since business in the last twenty-five years has passed from the individual ownership to the incorporated form of ownership, then we must modify the charter requirements so as to require the following:

1. All corporations to issue only one class of stock to be full paid at the actual value of the property plus the necessary working capital, to be paid into the treasury and go into the business and not into private pockets, to be sold at par, or above par; and from one-third to one-half, or more, of the stock issue to be held for and sold to the employees as they save their ten or hundred dollars, and all future improvement or extension issues to be sold to the employees, giving them the first refusal, and any balance to be offered to the public.

2. That all corporation charters require that annual contracts be made with all employees with a guaranteed annual income.

3. That public statements showing proper organization and all transactions according to these three principles be made at stated times to all employees, to all stockholders, to the state, and to the federal government; and imprisonment for any false statements discovered in said publicity reports.

National laws enacted upon these three principles, and letting all details work themselves out according to these fundamental bases, will give an immediate and permanent solution to all our local, state and national problems.

In the absence of any immediate national legislation, the corporations themselves can solve the problems by voluntarily going upon the basis of these principles and so publishing the fact to the American people.

There would be such a flood of capital and of orders pouring in upon the corporation that will take the initiative, that all others would follow in self-defense.

The American people are ready to furnish the capital and the orders to put this system into immediate operation.

The main cause of all this unrest is the selfish and inequitable distribution of the profits resulting from improper combinations of

industries—giving a few men undue advantages and corrupting profits.

The American people desire that efficient, proper, and profitable combinations continue in all lines of industries, but they do demand some of the profits of all such proper big combinations, so that our nation can continue to command its share of the world trade resulting from the world rising standards of living among all peoples.

MR. A. H. MULLIKEN, CHICAGO: Individual facts sometimes forcibly illustrate the general tendency. The cement industry of Kansas, a few years ago, was exceedingly prosperous, so much so that it attracted capital and a large number of plants were erected. Free and unrestrained competition between these plants brought each industry to ruin or practically so. The price of cement in two years in that market fell from \$1.10 a barrel to forty cents a barrel. Within a short time the Central Cement Company of West Virginia was organized, and bought the assets of sixteen of these Kansas cement companies. The president of one of these companies was asked how he dared to go into a combination of this kind, in violation of the Sherman law. His reply was, "Dare? We have to do it or bust!" The attorney of the combination was also asked the same question. "It is simply a question for these plant owners between uncertainty and certainty, the uncertainty being an interpretation of the Sherman law, which no one has definitely determined, and the certainty of ruin, owing to free competition, unless we people get together."

MR. OBERLIN SMITH, PRESIDENT, FERRACUTE MACHINE CO., BRIDGETON, N. J.: The tendency of this Academy, and many other sociological societies, as well as various progressive business organizations, is toward altruism—the helping of all by all. We are working in this direction; but it will come slowly, and we cannot expect its full development very soon.

But there is another point of view; we are learning to work in a new way with an old tool, efficiency. This appeals to even the so-called greedy corporations who will not be appealed to by mere altruism. The road toward more universal happiness, by adding so greatly to the wealth of the nations, that we can all have a comfortable share, lies in the avoidance of waste, the tremendous waste

that we now practice. In the direction of production we are making vast strides. In the operation of many of our industries, the work of Mr. Taylor and his disciples has already added greatly to the wealth of the world, and this within a very few years past. Not only has the invention of high-speed steel more than doubled the speed of cutting metals, but the systems of organization which these men have instituted have in many cases doubled the amount of work which an operative can perform in a given time, and this with less effort and with higher wages than before.

To supplement these factory methods which have proved so successful the next important reform movement which has begun, and which we must carry on to the end, is the proper care and protection of the human element, as well as the material. We must keep our men in good repair, as well as our machines, and to this end we must promote compensation for injuries without litigation or other dispute and, eventually, we must get compensation also for sickness and unemployment. These reforms already have gone far in European countries, most recently, as we all know, in conservative England. Very much yet needs to be done in this country, in the way perhaps of some form of state insurance. Continuation of the present system is absolutely out of the question and we should feel deep national shame at the figures lately made public in this and other societies showing that, during one recent year, the employers in this country paid out about \$100,000,000 for compensation to workmen who only got about \$25,000,000 of it. The remainder must have gone chiefly to lawyers and insurance people. Thus our administration of this work has cost us about seventy-five per cent for expenses, against about twelve per cent in Germany. When a reform of these evils has been accomplished, together with the improvement of our factories in the way of safety and sanitation, we shall have so increased the health and happiness of our industrial operatives not only physically but also psychologically, owing to their feeling of security against sudden and dire disasters that even the corporations will regard the additional expense as money well invested, from a merely financial point of view. Some of the biggest of them are already instituting "welfare work."

Although efficient production is thus rapidly being established we find that in distribution we are far behind, and that the absolute waste of wealth is something enormous to contemplate. Tremendous

reforms in simplifying litigation, in selling our goods, in the way of avoiding numerous middlemen, duplicate transportation, a vast mass of useless advertising, etc., is too great a subject to speak about here and now. Probably this will be one of the most important subjects for all of our economists to consider in the near future. It may prove a bigger factor than we now think in reducing the "cost of living."

It may not be known to all my hearers that only last week in New York a number of us spent a couple of days in organizing a brand new anti-waste society with over eight hundred charter members, many of them eminent men in various walks of life, and well scattered throughout the country. There are, to begin with, fifteen directors; and the first president is Mr. James G. Cannon, of the Fourth National Bank, New York. We cannot yet tell what the work of this society will amount to, but its intentions are good and it may be the means of favorably influencing many great questions. During the discussions it was surprising to hear how many phases of non-wastefulness such a society might tackle, not only in the engineering of production work, but in questions of law, politics, and perhaps even religion. At the first banquet of the society we had present the mayor of New York and many were delighted to find a man in his position, himself a lawyer and a former judge, so earnest in a desire to reform the action of the courts in the interests of simplicity and celerity, together with non-meddlesomeness in legislation.

In adopting the very concise and definite constitution and by-laws of the new society all unnecessary words were stricken out, even the article "the" at the beginning was dropped so that its title is simply "Efficiency Society." May its future work be as good as its beginning!

For all of us to attain the truest efficiency, we shall doubtless later on be obliged to arrange for government ownership, or control, of many public utilities, as has been done in other countries. This no doubt will always evoke a howl against the bogey, "Paternalism." Perhaps that is a terror, but shall we not, as the spirit of peace and good will increases among us, backed by common sense, adopt as our mascot that good fairy, rather than bogey, whose name is "Fraternalism?"

MR. JOHN H. BARTLETT, DELEGATE BY APPOINTMENT OF GOVERNOR OF NEW HAMPSHIRE: Since I have prepared no paper, your rules granting "leave to print" do not apply to me in the least, but coming here as a representative of the State of New Hampshire, and being so cordially invited, I am impelled to say a word which is uppermost in my mind, and I will address what I say to you more as jurors to persuade you on certain questions of fact rather than help instruct you on any questions of law or theory. You have already been instructed by the very highest authority in the land as to what the law or economic theories are or ought to be.

I want to say this. There is not at this moment, neither has there been during this great convention, a single poor person in this hall—poor in the sense in which we treat the subject of poverty in the great social and economic scheme of society. I want you to think of that a moment until you thoroughly realize it, that in all our deliberations there has not been present one of those poor persons about whom we have been talking; and yet, in all these papers and in all our discussions, we have been talking about what is good and proper and beneficial for "us," as if we were representative of the whole. Probably one-half of all the population of this country is poor financially, in the sense in which I mean it, and yet not one of them has been here to-day. I want you to consider why it is that none of them has been here. I will tell you. It is because that poor man is over in yonder mill toiling without cessation from morning until night every day in the week, and, as we have already been informed to-day, at an average wage of seventeen cents an hour. That fellow who works for seventeen cents an hour I have not had off my mind for a moment all day. I did not know that he worked as cheap as that. We sometimes are late in getting the news up in New Hampshire. Now, if he, desiring to come here, should take even one hour off his job, he has to figure so closely on his wages on Saturday night that he would be unable to buy a pair of socks for his little boy or girl, or some other absolute necessity, at the end of the week.

We have been holding these conventions and other conventions and great assemblages and political meetings all over this country for years and years and years, telling what we are going to do or ought to do for the poor man or the laboring man. I want to sound this note of warning. If we, the more fortunate class of the community, do not stop talking about what we are going to do with them or for

them and actually do something for them, they will wake up to a realization of their power and will declare in too violent a manner what they propose to do with us or to us. I do not say this as a labor leader, like Mr. Gompers who has addressed you, neither as a laborer, nor as one claiming to be especially allied with labor, although I cannot help harking back only a few years to when I, with eight brothers and sisters, in a humble home in New Hampshire, thought I was extremely poor, and my sympathies now never cease to burn for those who feel the sting of poverty. And such accumulations as I have been fortunate enough to make undoubtedly came, directly or indirectly, from the brow of the laboring man who did not receive his share of the profits of industry. But I wish to reiterate, that we must get ourselves into a mental attitude where we can realize the hardships of the really poor and be willing to shape the commercial and productive machinery of this country in such a way that the really poor man can obtain from his hard labor enough to support himself and his little family decently, and unless the more favored portion of the community and the wealthy people of the land realize the rights and demands of the poor and voluntarily, themselves, take the leadership in giving them their rights, there will arise a crop of irrational and unreasoning leaders who will arouse and stir the passions of the poor to acts which may be disastrous.

The only weapon which the laboring man has, when he is denied the right to strike, is the ballot. The great trusts have so shaped their scheme of employment and pensions and bounties that organized union labor, in its ability to strike and enforce its demands, is almost a nullity. The tendency of the trusts to monopolize labor in any given direction is growing larger and larger, and when you see one concern employing two hundred thousand laborers, more than there are in the states of New Hampshire and Vermont together, it is very easy to look forward to a rapidly approaching day when each kind of industry will be dominated or practically controlled by one gigantic concern, or allied interests, so that the laborer who is discharged from that concern has no other place to seek employment. If, then, the weapon to strike is practically denied him, he will resort to the ballot and under reckless and unscrupulous leadership will adopt desperate remedies along the lines of socialism and anarchy which might, and would be, averted if men of sober judgment could

look ahead and take the leadership along rational lines into their own hands.

It is easy to see how capital can unite. The great men who control capital, and all the leading lines of industry in this country, can readily communicate with each other in a short time. They can agree upon prices without detection. They can fix the prices of the articles the poor man must consume, either under the guise of law or a gentleman's agreement, and so far as I can see, the consumers will be obliged to pay. They can put prices up or down at their pleasure. The poor man, unorganized, is practically at the mercy of organized capital in the prices which he shall pay for the necessities of life, and which he shall receive for his labor. My point is, that capital can organize and labor cannot. That is, labor cannot organize in the perfect way in which capital can. Consumers would starve or freeze if they undertook to boycott capital. But the ballot, when the laborer discovers that he has it, can be used in such a way that capital and all industries will suffer. By the ballot he can control prices and do other socialistic and anarchistic things which we are rapidly compelling him to do. My note of warning, in brief, is simply this. We must give to the poor man a fair show in the struggle for existence, or we are inviting upon us a calamity which words cannot describe. Now it is high time that the manufacturers, that the capitalists of this country get right down together and take the laborer by the hand and reason it out with him, and do it fairly and justly, before he gets too angry about it.

I do not mean to criticize in the least the addresses to which we have listened to-day. The courtesy and consideration with which speakers of diametrically opposite positions treated each other was most commendable. The advanced position taken by such distinguished men as Professors Wyman and Meade is a significant omen. They took the position flatly that unless we can restore to the market place competition and insure reasonable prices to the consumer, the government must control prices. The position which these gentlemen took is far in advance of the position which politicians dare to take, and yet it is an inevitable conclusion. And when men, in such a dispassionate way, lay down these principles, it will crystalize public thought into channels of activity which will result in good, because their sober, serious judgment cannot be criticized, as the appeal of the demagogue on the stump, but will assist in molding

public sentiment, regardless of party, and will bring the two extremes of society into closer and more humane relations.

W. A. DOUGLASS, B.A., TORONTO, ONT.: At the back of all this contention about competition, combines and trusts are there not some serious maladjustments, to which we should give our first attention? Should we not first try to remove these, and then, if we still find that there are any unjust combinations, are we not in a much better position to apply the appropriate remedies?

To make this clear permit me to call attention to the development of this continent, a development without a parallel in the history of humanity. A hundred and twenty years ago in this republic, there were about four million people; at the present time the number is a hundred million. While the general population has doubled every twenty-five years, the civic population has doubled every ten years.

It was inevitable that this development must have a two-fold result. On the one hand, millions of people devoted their utmost energy and their utmost skill to clear the forest, construct the cities, and fabricate the various appliances needed by the people. They put forth every effort to make these things as abundant and cheap as possible. On the other hand, as the population concentrated more and more in the large cities, the land became more and more scarce and more and more dear. Here we have the two opposite movements, opposite just as a debit is opposite to a credit. The value of the crops and the buildings is due to individual energy producing, while the value of the land is due to the population crowding.

Suppose I had inherited one of those acres situated on the center of this city or New York or Chicago, what would be my relationship to my fellow men? Would I be inventing all sorts of machinery to make goods abundant and cheap? Verily, nay. As the people crowded more, I could say to the producers, Pay me more, pay me more. To me it would be increasing fortune, and to the toilers who produced the abundance, it would be increasing obligation, till I could collect in a single year as much as the average workman would obtain in a thousand years. While that workman is taxed at every turn by systems that walk in darkness and which compel him to surrender many days' toil in the year, I would never be called on to surrender a single hour. I would enjoy all the benefits of civilization

without any of its burdens, while the man who is struggling to pay off the mortgage on his farm must help to support the burden of government and to support me besides. This goes a long way to explain why it is that, while some men own millions of dollars, there are others who do not own a single dollar. The commissioners of charity in New York City reported last year that every eighth person in that city was in receipt of charity.

If a man is despoiled, it matters not whether the spoliation is done by an individual or by a combine. Should we not attend to this rectification of the taxation question first, and then attend to the combines after, if they require it?

MR. D. M. JOHNSON, CHESTER, PA.: I was thinking of the proposition of the single taxer. I am not a single taxer, nor a socialist, but if I were a single taxer, it seems to me I would go the whole length. I would say, that no man should own any property; that property belongs to God Almighty and man has the right to only use it. As to the recall proposition, which seems to have been withdrawn as to Ohio, I am glad of it. I am glad for the sake of the men who may be elected mayors of the cities of Ohio that there is to be no recall. I happened to be mayor of a city in the State of Pennsylvania, when we had a strike, and a gentleman of the Board of Trade said that if there had been a recall during the trolley strike we would have had a new mayor every week. It might have been a good thing. The golden rule has been mentioned. Of course if we lived by the golden rule and everybody understood in concrete form what the golden rule is, as applied to our own business and that of every other business man, then we would not need any of these conventions nor would we have any need of congress or legislatures. Mr. President, we act in the concrete and not in the abstract. Until we can apply the golden rule, until we are so far advanced that we as individuals can practically apply the principles of the golden rule to our actions, we have to embody as much of it in our statutes and in our laws as we can endeavor to carry out. But whether we have it in statute form or not, we all ought to try and lead on to that end. I have paid some attention to the question of strikes. What is a strike? Theoretically it is the inalienable right of a man to quit work; practically it is assaults, batteries, dynamiting, murder, killing; and I know what it is practically.

I condemn no man when I stand on this floor to-day. I am not picking out any man or set of men or any class of men, but I say that it becomes the people to look into these things, to see whether there is not some remedy. I know it produces these horrible results. I am not saying who do these things, and I do not propose even by innuendo to condemn any man by what I say here to-day; but I say that the crime of having our civilization or lack of civilization go on in this way cries for a remedy. I would like to have some man prepare a paper who is capable of offering some practical solution of this thing, and read it to this or some other convention. Somewhere I want to see some solution by which this thing may be ended and done away with.

MISS FAYE MARIE HARTLEY, LINCOLN, NEB.: As far as I know, I am the only representative here from Nebraska, and more than that, I am the only delegate from any organized group of country people. I represent the Rural Life Commission of Nebraska, which was created by the Nebraska Farmers' Congress, and I shall try to speak simply as a mouthpiece of that congress. The men at the head of this movement are in Nebraska, too busy working out the salvation of the state to come east to a meeting, and I have come in their stead.

The fact that out of forty speakers scheduled to speak at this session there is not one who represents in any way the agricultural interests of this country; and the fact that there is only one speaker out of the forty to represent the labor unions, which are the only channel through which the laboring men as a class ever have spoken, make it very clear, it seems to me, that this meeting, like many similar ones which meet over the country during the year, is founded on a wrong principle. Let us remember Abraham Lincoln, who said that this should continue to be a government for the people and by the people.

I feel that men like Mr. Fitch, of *The Survey*, and Mr. Garfield, of Cleveland, who are earnestly and conscientiously striving to uplift the people, are acting on as fundamentally wrong a basis as the many men we have been hearing who sincerely feel that for the last twenty years or so they alone have been the Moseses on whom the country depended for salvation. Only the people are going to work out the salvation of the people. When a man goes

through a university, perhaps takes a law course, and moves henceforth among professional people and with professional ideas, he gets an experience which the plain man does not, but he also misses the experience the plain man has; and I believe the everyday man is as capable of deciding for himself what he needs as is the professional expert, and perhaps a little more capable. The only thing to do is to join hands, exchange experiences, and work together. Let us go to the people and say, "It's up to you—this is your job," and stop talking about uplifting them.

We let Omaha run things for us in Nebraska for a good many years, and when we became restive we let them lull us to sleep again with the same well-meant benevolent promises that everything was going beautifully. Now we have realized that "if you want a thing done, do it yourself," and the Nebraska Farmers' Congress is the result, run by farmers, and meeting with farmers all over the state. It is doing things. All this talk of anarchy and violent socialism that has been frightening some of you, is simply the incoherent mutterings of that great sleepy giant, the people, who is having a bad nightmare, but who will presently wake up, be provoked at his own sleepiness, and take sensible, practical measures to set things right, without overturning everything. Columbia is a good-natured giant as well as a sensible one, and while she may administer punishment to some of her children who have become too big-headed and felt that everything depended on them, you need not fear any such awful catastrophe as a number of speakers have prophesied.

The Nebraska Farmers' Congress believes in full publicity, and in combination which is democratic and fair.